

SUR AND WHEEL TAX

ACCOUNTING FOR WHEEL AND SURTAX (APRIL 2017, Page 6)

There has been some confusion about the proper way to record wheel tax and surtax when it is received from the BMV. Wheel Tax and Surtax are not treated the same as excise tax on the Treasurer's Cashbook. Excise tax collections should be entered in the Other Sources section of the cashbook and the wheel tax and surtax are to be quietused to the county auditor's Wheel Tax /Surtax Fund and entered into the Treasurer's Cashbook in the Funds Ledger section. Wheel tax and surtax should not be included with excise tax and held until settlement. It is the county's decision on whether to track the wheel tax and surtax in separate funds or use one fund for both.

The Auditor should quietus wheel tax and surtax into the Funds Ledger from the information provided on the deposit reports from the BMV. This could mean that daily quietuses are done if deposit reports from the BMV are received and downloaded daily. However, we are aware that the Auditor and Treasurer may not be downloading these reports daily and may be doing it at different times. If the Auditor has not quietused the wheel tax and surtax into the Funds Ledger at the time the Treasurer is posting the deposit report information to the cashbook, the Treasurer would need to create a separate line in the Other Sources section for the wheel tax and surtax to "hold it" until the Auditor quietuses it in. When it is quietused, the Treasurer would move it down to the Funds Ledger section, in the column 'Transferred from Accounts Above by Quietus'. The amount of wheel tax and surtax quietused by the Auditor should be reconciled to the amounts on the deposit reports and the amounts posted to the cashbook by the Treasurer.

The county auditor is to distribute monthly the wheel tax and surtax funds collected to the appropriate county fund and to the cities and towns within the county.

EXCISE TAX ACCOUNTING (OCTOBER 2014, Page 11-13)

BMV Distributions

The Bureau of Motor Vehicles (BMV) deposits daily into the county's BMV bank account the excise tax and if applicable the surtax and wheel tax collected. The collections are held by BMV for 14 days from the date payment is made by the taxpayer before distributions are made to the counties. For example, all collections received by BMV on August 11th were processed for distribution on August 25th. On the processing date, BMV compiles all of the excise, wheel and surtax by county for the entire state. BMV then requests that payments be made from the State's bank to each County's BMV bank accounts. On the same date, BMV puts three reports and a text file on the FTP site. All of the reports are labeled "For Transactions thru" and the date the collections were made to BMV from the taxpayer. In our example; the reports will be labeled "For Transactions thru: 8/11/14", however the reports will be placed on the BMV FTP site on August 25th. The BMV will authorize that the payments be made from the State account on August 25th and the deposit will reach the County's bank account on August 26th or 27th.

The text file can be used to interface with the County's software to post the payments by township to the Auditor's excise tax ledger. In addition to the text file, three reports are placed on the FTP site each

business day. To identify the reports look at the third number of the file name on the FTP site. The first two digits of the report are the county number followed by a one, two or three for the three reports each month. The first report (xx1) is the Auditor Report of Registrations per Township (excise). The second report (xx2) is the Assessor Report of Registration per Township (Surtax and Wheel Tax). The third report (xx3) is the Deposit Report which summarizes the total amount deposited to the county BMV bank account and also gives the breakdown between excise, surtax and wheel tax collections that make up the total deposit. The next eight numbers are the year, month and date. The last four numbers on the file name is the report number.

Both the Treasurer and the Auditor can access the BMV FTP site daily and print the reports or copy them to the County's hard drive or server. To acquire access to the FTP site, the auditor or treasurer should contact Tamytha Cooper (tcooper@bmvin.gov) and have her set up an account, user id and password. If you do not access the FTP site for 30 days, the password will expire and if you do not access the FTP Site for 90 days your account for that site is deleted.

Treasurer Procedures For BMV Transactions

We recommend that the Deposit Reports be accessed and copied or printed daily by the Treasurer's office. We also recommend that the Treasurer's cash book be posted daily, however at a minimum, once a month the amount of the excise collected must be posted to the Treasurer's cash book. A receipt should be issued that shows the date of the deposit (report date), the amount deposited and should also list the transaction date and the report number. If the posting is done weekly or monthly, the receipt should list the range of transaction dates and the range of report numbers include on the receipt. The excise tax should be posted to the Other Sources, Excise Tax Collections. The amount received for surtax and wheel tax should be on a quietus issued by the Auditor's office and be part of the Funds Ledger on the Cash Book. The total amount deposited should be entered in the bank deposits section of the cashbook. All of these amounts should be taken from the Deposit Report. The Deposit Report is the notification from the BMV of the amount of Excise tax, wheel and surtax collected for your county for that transaction date. If the amount shown as deposited on the bank statement does not match the Deposit Report, the County should contact BMV immediately.

Please note that the process of reconciliation requires you compare your county's record balance (cash book) to the bank's record (bank statement). If only the bank statement is used to post the cash book then a true reconciliation has not been done. The deposit report functions in the same way an ACH remittance from the Auditor of State functions for EFT deposits. In addition, the total on the deposit report should also tie to the amount on the last page of the Auditor Report of registrations by Township for the excise tax and to the amount on the last page of the Assessor Report of Registrations by Township for wheel tax and surtax.

State Distributions Treasurer Procedures

The Indiana Department of Revenue (IDOR) distributes to counties the aircraft excise, quarterly in January, April, July and October. Auto rental excise tax is distributed by IDOR semi-annually in May and November. The IDOR collects wheel tax through the Motor Carrier Division on commercial vehicles. The state distributed this wheel tax monthly. The county treasurer should receipt aircraft and auto excise tax collections to excise accounts in the Other Sources section of the cashbook. Wheel tax should utilize a

quietus and be deposited to the county auditor's Wheel Tax/Surtax Fund and is entered in the Funds Ledger section of the cashbook, just as stated above for wheel tax remittances from the BMV.

The Auditor of State's office distributes monthly to counties watercraft excise tax, education plate fees and excise tax cut replacement. They distribute annually the final excise tax cut replacement. The county treasurer should be posting watercraft excise tax; monthly excise tax replacement distributions and final excise tax cut replacement to the excise accounts in the Other Sources section of the cashbook. Education plate fees are deposited to the county auditor's Education Plate Fee Fund by quietus and be entered in the Funds Ledger section of the Treasurer's Cashbook.

Auditor Procedures

The County Auditor should have an excise tax ledger to record motor vehicle excise tax, watercraft excise tax, aircraft excise tax, auto rental excise tax, lottery credit and excise tax cut replacement distributions. The ledger should be separated by taxing district but have a control ledger for all excise tax activity. Within each separate or subsidiary ledger for a taxing district there should be separate columns to account for each of the taxes and distributions listed above that are to be included in the ledger. The ledger must be footed by month and have a running balance. The amounts for the motor vehicle excise tax to be posted to the ledger would come from the text file or the Auditor Report of Registrations by Township. If the total of this report does not tie to the Deposit Report for Excise tax, BMV should be contacted to determine the problem. The excise tax from the BMV is posted for the transaction date on the reports. The surtax and wheel tax from the Assessor Report of Registrations by Township should be posted to the Auditor's Wheel Tax/Surtax Fund by quietus. Receipts for watercraft, aircraft, auto rental excise and final excise tax cut replacement distributions should be posted in the month received. Monthly excise tax cut replacement distributions should be posted in the month received or to the previous month. Posting these monthly distributions to the previous month matches distributions to the lottery credit being replaced by the distribution. County Auditors should be posting the excise tax ledgers at least monthly.

Settlement and Reconciliation

The following should be included in settlement: motor vehicle excise tax, monthly excise tax cut replacement distributions, final excise tax cut replacement distribution for the year, watercraft excise, aircraft excise and auto rental excise tax. The amount of the excise to include in the settlement is the excise tax posted to the county auditor's excise tax ledger as of the excise tax cutoff date. The cutoff date should be as of the end of a month. For most counties the cutoff dates have been April 30 for June settlement and October 31 for December settlement. Since BMV now has a 14 day lag between the transaction date and the deposit and report date, counties may want to consider backing those dates up to March 31 and September 30.

The Auditor of State's Office provides a Reconciliation Worksheet that should be used to determine the difference between the excise tax the county auditor is including in the settlement and the excise tax the county treasurer certified on the 49TC. Because the county auditor should be including in the settlement, the excise tax posted to the excise tax ledger as of the cutoff date (based on the transaction date) and the county treasurer should be certifying on the 49TC the excise tax posted to the cashbook (based on the deposit date) as of the date the 49TC is completed, there should be a variance to reconcile using the Reconciliation Worksheet. Once the auditor and treasurer have reconciled the excise

tax records of their offices, excise tax allocations can be calculated according to the State Auditor's instruction. More details on complete excise tax accounting and settlement is provided by the State Auditor's office.